10-02-00   A

Please type a plus sign (+) inside this box → [+]

UTILITY PATENT APPLICATION TRANSMITTAL

(Only for new nonprovisional applications under 37 C.F.R. § 1.53(b))

Attorney Docket No.	WELL0011
First Inventor or Application Identifier	Banaugh et al.
Title	Method and Apparatus for Integrated Payments Processing
Express Mail Label No.	EL540886851US

APPLICATION ELEMENTS

See MPEP chapter 600 concerning utility patent application contents

ADDRESS TO: Assistant Commissioner for Patents
Box Patent Application
Washington, DC 20231

1. [X] **Fee Transmittal Form** (e.g., PTO/SB/17)
(Submit an original and a duplicate for fee processing)

2. [X] **Specification** [Total Pages 45]
(preferred arrangement set forth below)
- Descriptive title of the Invention
- Cross References to Related Applications
- Statement Regarding Fed sponsored R & D
- Reference to Microfiche Appendix
- Background of the Invention
- Brief Summary of the Invention
- Brief Description of the Drawings (if filed)
- Detailed Description
- Claim(s)
- Abstract of the Disclosure

3. [X] **Drawing(s)** (35 U.S.C. 113) [Total Sheets 1]

4. **Oath or Declaration** [Total Pages 3]
- a. [X] Newly executed (original or copy)
- b. [ ] Copy from a prior application (37 C.F.R. 1.63(d))
(for continuation/divisional with Box 16 completed)
  - i. [ ] DELETION OF INVENTOR(S)
  Signed statement attached deleting inventor(s) named in the prior application, see 37 C.F.R. §§ 1.63(d)(2) and 1.33(b).

NOTE FOR ITEMS 1 & 13: IN ORDER TO BE ENTITLED TO PAY SMALL ENTITY FEES, A SMALL ENTITY STATEMENT IS REQUIRED (37 C.F.R. § 1.27), EXCEPT IF ONE FILED IN A PRIOR APPLICATION IS RELIED UPON (37 C.F.R. § 1.28).

5. [ ] Microfiche Computer Program (Appendix)

6. [ ] Nucleotide and/or Amino Acid Sequence Submission (if applicable, all necessary)
- a. [ ] Computer Readable Copy
- b. [ ] Paper Copy (identical to computer copy)
- c. [ ] Statement verifying identity of above copies

ACCOMPANYING APPLICATION PARTS

7. [X] Assignment Papers (cover sheet & document(s))
8. [X] 37 C.F.R.§3.73(b) Statement [X] Power of (when there is an assignee) Attorney
9. [ ] English Translation Document (if applicable)
10. [ ] Information Disclosure Statement (IDS)/PTO-1449 [ ] Copies of IDS Citations
11. [ ] Preliminary Amendment
12. [X] Return Receipt Postcard (MPEP 503) (Should be specifically itemized)
13. [ ] *Small Entity Statement(s) (PTO/SB/09-12) [ ] Statement filed in prior application, [ ] Status still proper and desired
14. [ ] Certified Copy of Priority Document(s) (if foreign priority is claimed)
15. [ ] Other: _____

16. **If a CONTINUING APPLICATION**, check appropriate box, and supply the requisite information below and in a preliminary amendment.
[ ] Continuation [ ] Divisional [ ] Continuation-in-part (CIP) of prior application No: _____/_____

Prior application information: Examiner _____ Group / Art Unit _____

For CONTINUATION or DIVISIONAL APPS only: The entire disclosure of the prior application, from which an oath or declaration is supplied under Box 4b, is considered a part of the disclosure of the accompanying continuation or divisional application and is hereby incorporated by reference. The incorporation can only be relied upon when a portion has been inadvertently omitted from the submitted application parts.

17. CORRESPONDENCE ADDRESS

[X] Customer Number or Bar Code Label | 22862 (Insert Customer No. or Attach bar code label here) | or [ ] Correspondence address below

Name	
Address	

City		State		Zip Code	
Country		Telephone		Fax	

Name (Print/Type)	Michael A. Glenn	Registration No. (Attorney/Agent)	30,176
Signature		Date	10/31/2000

PTO/SB/17 (6/99)
Approved for use through 09/30/2000. OMB 0651-0032
Patent and Trademark Office U S DEPARTMENT OF COMMERCE
Under the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number

FEE TRANSMITTAL
for FY 1999

Patent fees are subject to annual revision
Small Entity payments *must* be supported by a small entity statement,
otherwise large entity fees must be paid See Forms PTO/SB/09-12
See 37 C F R §§ 1 27 and 1 28

| TOTAL AMOUNT OF PAYMENT | ($) 1,614.00 |

Complete if Known

Application Number	Unassigned
Filing Date	Herewith
First Named Inventor	Banaugh et al.
Examiner Name	Unassigned
Group / Art Unit	Unassigned
Attorney Docket No	WELL0011

METHOD OF PAYMENT (check one)

1. ☒ The Commissioner is hereby authorized to charge indicated fees and credit any over payments to

Deposit Account Number: 07-1445

Deposit Account Name: Michael A. Glenn

☒ Charge Any Additional Fee Required Under 37 CFR §§ 1 16 and 1.17

2. ☐ Payment Enclosed:
☐ Check ☐ Money Order ☐ Other

FEE CALCULATION

1. BASIC FILING FEE

Large Entity		Small Entity			
Fee Code	Fee ($)	Fee Code	Fee ($)	Fee Description	Fee Paid
101	760	201	380	Utility filing fee	710.00
106	310	206	155	Design filing fee	
107	480	207	240	Plant filing fee	
108	760	208	380	Reissue filing fee	
114	150	214	75	Provisional filing fee	

SUBTOTAL (1) ($) 710.00

2. EXTRA CLAIM FEES

		Extra Claims		Fee from below	Fee Paid
Total Claims	68	-20** =	48	x 18	864.00
Independent Claims	2	- 3** =	0	x 80	0.00
Multiple Dependent					

**or number previously paid, if greater, For Reissues, see below

Large Entity		Small Entity			
Fee Code	Fee ($)	Fee Code	Fee ($)	Fee Description	
103	18	203	9	Claims in excess of 20	
102	78	202	39	Independent claims in excess of 3	
104	260	204	130	Multiple dependent claim, if not paid	
109	78	209	39	** Reissue independent claims over original patent	
110	18	210	9	** Reissue claims in excess of 20 and over original patent	

SUBTOTAL (2) ($) 864.00

FEE CALCULATION (continued)

3. ADDITIONAL FEES

Large Entity		Small Entity			
Fee Code	Fee ($)	Fee Code	Fee ($)	Fee Description	Fee Paid
105	130	205	65	Surcharge - late filing fee or oath	
127	50	227	25	Surcharge - late provisional filing fee or cover sheet	
139	130	139	130	Non-English specification	
147	2,520	147	2,520	For filing a request for reexamination	
112	920*	112	920*	Requesting publication of SIR prior to Examiner action	
113	1,840*	113	1,840*	Requesting publication of SIR after Examiner action	
115	110	215	55	Extension for reply within first month	
116	380	216	190	Extension for reply within second month	
117	870	217	435	Extension for reply within third month	
118	1,360	218	680	Extension for reply within fourth month	
128	1,850	228	925	Extension for reply within fifth month	
119	300	219	150	Notice of Appeal	
120	300	220	150	Filing a brief in support of an appeal	
121	260	221	130	Request for oral hearing	
138	1,510	138	1,510	Petition to institute a public use proceeding	
140	110	240	55	Petition to revive - unavoidable	
141	1,210	241	605	Petition to revive - unintentional	
142	1,210	242	605	Utility issue fee (or reissue)	
143	430	243	215	Design issue fee	
144	580	244	290	Plant issue fee	
122	130	122	130	Petitions to the Commissioner	
123	50	123	50	Petitions related to provisional applications	
126	240	126	240	Submission of Information Disclosure Stmt	
581	40	581	40	Recording each patent assignment per property (times number of properties)	40.00
146	760	246	380	Filing a submission after final rejection (37 CFR § 1 129(a))	
149	760	249	380	For each additional invention to be examined (37 CFR § 1.129(b))	

Other fee (specify) _____

Other fee (specify) _____

* Reduced by Basic Filing Fee Paid

SUBTOTAL (3) ($) 40.00

SUBMITTED BY

| Name (Print/Type) | Michael A. Glenn |
| Signature | |

Complete (if applicable)

| Registration No (Attorney/Agent) | 30,176 | Telephone | 6501-474-8400 |
| | | Date | 10/31/2000 |

Burden Hour Statement This form is estimated to take 0 2 hours to complete Time will vary depending upon the needs of the individual case Any comments on the amount of time you are required to complete this form should be sent to the Chief Information Officer, Patent and Trademark Office, Washington, DC 20231 DO NOT SEND FEES OR COMPLETED FORMS TO THIS ADDRESS SEND TO Assistant Commissioner for Patents, Washington, DC 20231

Method and Apparatus for Integrated Payments Processing

and Decisioning for Internet Transactions

BACKGROUND OF THE INVENTION

5

TECHNICAL FIELD

The present invention relates to Internet transactions and the consequent

collection of funds. More particularly, the present invention relates to a

10 method and apparatus for providing an integrated decisioning solution for

merchants accepting Internet transactions with processing payments

electronically.

DESCRIPTION OF THE PRIOR ART

15

While traditional payment systems, such as, for example, gateways with credit

cards, continue to dominate the majority of Internet payments, a growing

number of payment alternatives has developed. Alternative systems allow

merchants to easily receive payments from a variety of sources including, for

20 example, checking accounts, credit cards, lines of credit, and cyber-value.

Large established merchants, such as, for example, Wells Fargo, Card

Services International, Bank of America, and Chase, generally use payment

gateways and software combination with merchant acquirers to accept credit

cards and electronic checks (eChecks) from an Automated Clearing House (ACH).

Medium sized merchants also use payment gateways and merchant acquirers. Some medium and larger sized merchants also accept cyber-value through affiliate marketing programs. For example, Blockbuster and Omaha Steaks accept cyber-value through Beenz, and GiftCertificates.com accepts cyber-value through Yahoo Points.

Smaller sized merchants, auction sellers, and individuals turn to person-to-person (P2P) payment solutions. Most solutions require pre-funding a stored-value account, then initiating payment from the stored-value account. For example, PayPal, YahooPayDirect, and Billpoint use store-valued accounts.

Micro-payment merchants, such as, for example, digital goods, services, and subscriptions, are using payment aggregators to manage transactions over a period of time, and then process and settle at the end of the period. For example, The Wall Street Journal and the New York Times use Q-Pass for billing to credit cards, and Ezone and Hometips.com use e-Charge for billing to phone bills.

PayPal has been dominant P2P payment system for several reasons, cited herein below:

- Viral Marketing. PayPal pays new users $5.00 and also pays $5.00 per referral. Originally PayPal paid $10 for new members and referrals but lowered the amount to $5.00 after they acquired over 1 million

users. Additional limitations to qualify for the referral fee have been implemented recently by PayPal. To qualify for the referral fee, a consumer has to register as a Business/Premier account or post $50 to the PayPal account via a checking account direct debit. Some auction sellers advertise free items for users using PayPal. The seller can get $5.00 for referrals if the previously mentioned qualifications are met.

- Free transaction processing. PayPal previously did not charge individuals to fund the account or to receive money. Recently, PayPal announced a fee increase for their payment services. Free consumer accounts now have limited transaction amounts. If the transaction limit are exceeded, the account is charged based on the Business/Premier account price structure.

- Simple sign up and product use. Sign up requires name, address, e-mail address, and a funding source, such as a credit card number or a bank account number. Users can easily request money from any person with an e-mail address. Auction sellers and small merchants can simply add a PayPal button to enable them to accept payments.

- Adapts quickly to meet market concerns and opportunities. In response to a few fraud scenarios, PayPal claims that they acted quickly to address system and process deficiencies. For example, PayPal now claims that a PayPal buyer using a credit card is now afforded all of the same rights that a credit card consumer with a dispute is provided. Also PayPal now requires better verification of bank account ownership before transferring money from the bank account via the ACH.

3

Although PayPal currently offers certain services for free, they had originally announced plans to make money through several initiatives as cited herein below:

5
- Transaction Fees. PayPal previously provided free limited service to individuals, but charges users for additional features and premium services. See Table A herein below for details.
- Credit Card Fees. PayPal, through X.com, claimed that they were going to be offering debit and credit cards to its customers. An X.com credit

10
card would have been as on-us, whereby the issuer, X.com, would have received interchange from the merchant, PayPal. A debit card would have allowed X.com to receive interchange from POS purchases in addition to fees for using ATMs to withdraw cash. Recent management changes at X.com have changed the strategy of the company. X.com

15
had previously claimed that they were going to provide comprehensive financial services however, due to recent management changes the company's strategy will be focused on being a payment provider.
- Currency Exchange Fees. PayPal previously claimed that they would provide international payment options with a 1.5% fee for currency

20
exchange.
- Float Income. PayPal claims to have a $20 average balance in each PayPal account at any given time.
- Banking Revenue. PayPal previously planned to migrate some PayPal accounts to X.com bank accounts with applicable banking service fees.

- Brokerage and Other Revenue. PayPal previously had planned to convert some accounts to X.com brokerage accounts with applicable brokerage service fees.

5   Table A herein below shows the different types of services provided by PayPal.

Table A

Free Services	Business/Premium Services	Premium Service Fees
Open an account	Receive Money	Approx. 1.9% plus transaction fees depending on transaction dollar amount.
Send Money	Nightly Sweep	0.6%
Receive Money	Download data into Excel	Included
$100,000 Insurance	$100,000 Insurance	Included
	Instant Purchase and automatic payment requests for websites and auctions	Included
	Accept unlimited credit card payments	Included
	Batch Payment Service	Lesser of 2% or $0.25/payment
	24/7 Customer Service	Included

Although many alternative payment solutions have been developed, none of them offers an integrated comprehensive suite of products to address both consumer and merchant demands for safe, convenient, and inexpensive electronic commerce (e-commerce).

5

It would be advantageous to provide an integrated comprehensive suite of products that addresses both consumer and merchant demands for safe, convenient, and inexpensive electronic commerce (e-commerce).

10   It would be advantageous to provide an integrated comprehensive suite of products that interfaces with a merchant's Web page seamlessly, as a plug and play product, including allowing for a single-sign on process for the consumer.

15   It would be advantageous to provide an integrated comprehensive suite of products to address both consumer and merchant demands for safe, convenient, and inexpensive e-commerce that handles transactions based on echecks, as well as credit cards.

20   It would be advantageous to provide an integrated comprehensive suite of products to address both consumer and merchant demands for safe, convenient, and inexpensive e-commerce that uses a message architecture matching the ACH message to the original transaction.

25   **SUMMARY OF THE INVENTION**

6

A method and apparatus provides a decisioning solution for merchants accepting Internet transactions, integrated with means for processing payments electronically. The invention claimed herein provides for electronic transfer of funds, authentication of parties, exception handling, reconciliation

5   of funds, seamless integration with merchant's Web page, reporting of suspicious activity, approval for shipment of goods and services by merchant to indicate to seller, and a decision for merchant to transact with a buyer based on a determined risk of the buyer.

10   **BRIEF DESCRIPTION OF THE DRAWINGS**

Fig. 1 shows a schematic block diagram of the main components of a preferred embodiment, according to the invention.

15   **DETAILED DESCRIPTION OF THE INVENTION**

A method and apparatus provides a decisioning solution for merchants accepting Internet transactions, integrated with means for processing payments electronically. The invention claimed herein provides for electronic

20   transfer of funds, authentication of parties, exception handling, reconciliation of funds, seamless integration with merchant's Web page, reporting of suspicious activity, approval for shipment of goods and services by merchant to indicate to seller, and a decision for merchant to transact with a buyer based on a determined risk of the buyer.

25

In the preferred embodiment, the invention provides an Internet payment alternative to credit cards and paper checks. Credit card fees are costly for sellers, and white paper checks are a hassle to write, and delay payment and receipt of goods. The invention claimed herein acts as the ACH processor for the cited effort, as well as mitigates risk in the virtual world. The invention herein makes decisions regarding eCheck transactions and consumer enrollment. The potential for use of the invention claimed herein is immeasurable, in view of consumers becoming more Internet savvy and look to simple solutions for payments over the Internet.

It is noted that herein the terms consumer, end-consumer, buyer and/or seller, can be used interchangeably, and the terms registration and enrollment are used herein interchangeably.

Electronic transfer of funds.

In the preferred embodiment, transactions from consumer to consumer; consumer to business, and business to business are provided. It can be appreciated that capability can be extended for multiple consumers and multiple businesses, *i.e.* from one seller to multiple buyers, and from one buyer to multiple sellers.

In the preferred embodiment, electronic transfer of funds is facilitated by message units. Typical information in a message unit for transfer of funds comprises, but is by no means limited to, purchase information, seller information, shipping data information, auction information, buyer entered

8

data, source generated data, client maintained data, buyer data, DDA information, and additional credit card processing information.

Authentication of Parties.

5   In the preferred embodiment, the registration or enrollment feature of the claimed invention herein takes basic information from both the buyer and the seller such that neither has to re-enter the same information at a later time. That is, information from the registration feature is stored. The registration process is binary in that either a yes or no is determined. If the result is no,

10   then the end-consumer may not use a merchant's product. Otherwise, the end-consumer is considered an approved seller or buyer.

In the preferred embodiment, when enrollment or registration requests are made, risk assessment methods and criteria are available. Risk assessments

15   specifically affect processing of enrollments where an indicator, such as, for example, an entitlement flag indicate that eCheck processing is enabled. Seller categorization can also be based on such a list of assessments.

In the preferred embodiment, when enrollment related message units are

20   received by the invention herein, all data from the message units, as well as any standardized fields, are stored and facilitate building in indices to speed search times in subsequent searches.

25

Echeck Purchases.

In the preferred embodiment, purchase requests via eCheck require an immediate decision and a 5 second response returned to the customer. It can be appreciated that the invention claimed herein can incorporate a variety of methods implementing logic to support eCheck purchases. An online decision engine triggers the performance of a number of risk assessments. Each assessment is assigned a unique risk assessment identifier (ID). The ID allows subsequent identification of which risk assessments passed and which risk assessments failed. The assessment methods for generating the risk seessment ID's assure uniqueness.

In the preferred embodiment, a hierarchy of assessments is used under specific situations, such as, for example, eCheck purchases, or enrollment requests. For example, assessing if an end-consumer is too good to be true, can be performed when a buyer is enrolling in the customer's system to perform a transaction. In contrast, cross-checking a file containing known bad buyer identifiers can be performed in addition to the too good to be true assessment when an eCheck purchase is requested. It can be appreciated that the scope of the invention is not limited to these two types of risk assessment described herein above, nor even to types such as these cited.

In another embodiment, risk assessment can also be performed using an external vendor, such as, for example, FraudScan Plus, offered by Equifax/RiskWise. The vendor product scans and checks various elements in an inquiry seeking inconsistencies, inaccuracies, and/or previously misused elements. Results are returned to the decision driver of the claimed invention herein for interpretation. Cost relating to using third party vendors can affect

rules in their use. The invention claimed herein accommodates using third party vendors and their subsequent usage guided by business rules.

In one embodiment, the results from a third party risk assessment vendor as described herein above is used as part of the 5 second lookup.

In the preferred embodiment, individual risk assessment identifiers and results are stored and are accessible for future review and analysis.

In the preferred embodiment of the risk assessment feature, the following apply. Total time for registration is real-time, or kept under 5 seconds. Manual review and overrides by analysts are allowed. That is, credit analysts need the ability to review the decisions and manually override decisions. Overriding is on an exception basis and does not require an extensive user interface. Rather, the analyst can review a customer file, and can have access to an override field and a comment field. User adjustment of risk element weighting is allowed. User defined risk element tables, rather than hard coded risk weighting are used.

Due to marketing pushes and current eCommerce momentum, the invention claimed herein, in the preferred embodiment, is robust and can handle extremely heavy application usage. For example, the invention claimed herein should accommodate 10,000 decisions per hour, but is by no means limited to accodating that amount. The invention should incorporate a queing functionality for unlikely scenarios when application usage exceeds capacity. The invention claimed herein should comprise multiple access points to the

decision engine, so that multiple external partners or customers can access separate regions of the decision engine simultaneously.

In the preferred embodiment, the invention retrieves any negative activity or history based on proprietary data banks. Based on the information collected, the 5 second lookup fraud method decides whether an eCheck transaction is declined or placed in a pending status. The method sends a pass or fail response including reasons for declines to the customer. Possible reasons for declines comprise, but are by no means limited to: aborted reasons, such as customer's front-end declines concerning authentication, credit, or fraud risk; decision reasons, such as, for example, failure to authenticate; ACH reasons, such as, for example, insufficient funds, account closed, invalid account number, no prenotification on file, and the like; and notification of change (NOC) reasons, wherein NOC further provides information necessary to correct the transaction, such as, for example, incorrect DFI account number, wherein the correct DFI account number appears in a corrected data field.

It can be appreciated that the registration process can be adapted to accommodate international registrations. For example, tables of international codes and storage of countries codes wherein the countries are considered high risk can be employed in the invention claimed herein.

In the preferred embodiment, valid transaction data is ensured prior to running any individual risk assessments. For example, no risk assessments are

12

performed when any of the following are returned: insufficient data provided, invalid data provided, or international transaction are not supported.

The preferred embodiment facilitates authentication of parties for both a one-time transaction or for ongoing transactions.

The preferred embodiment protects consumer information by encrypted messaging.

In the preferred embodiment, as each risk assessment response is returned to the online decision engine, both the risk assessment ID and the risk assessment result are logged. After all risk assessments are complete, the responses are evaluated. For example, if all risk assessments are passes, then the decision is an accept. If any individual risk assessment fails, then the decision for the transaction is a decline. It can be appreciated that decision logic becomes more complicated as additional risk assessments are added to a given set of risk assessments.

In the preferred embodiment, seller category assignment is based on four factors, but is not limited to the four factors: a risk decision, gross monthly volume of the seller, length of time the seller has been with customer, and the customer feedback rating. The preferred embodiment also handles processing of enrollment profile changes, processing of failed enrollments, processing of enrollment overrides, and delayed risk assessment condition, wherein delayed results are captured for possible use by an intra-day fraud engine.

In another preferred embodiment, special processing is required for special category assignment for pre-approved and other special promotions.

5 **Handling Exceptions Between Two Parties.**

The exception handling process comprises returned item processing for electronic checks and charge back item processing for credit card transactions.

10

In the preferred embodiment, only very basic user interface functionality is required using, such as, for example, mainframe CICS screens, or browser-based user interface screens.. As other functions are completed, users will need additional user interface capabilities. At a minimum, users should have
15 the ability to:

- Reverse an eCheck transaction that is waiting to be released to ACH; and
- Refund a buyer some specified amount for an eCheck purchase.

In the preferred embodiment, when a specific eCheck transaction is targeted
20 for special action, the user experiences the following:

1) The user logs into the appropriate area of the processing environment. Rules for login ID convention should be established, *e.g.* e-mail address, mainframe ID, and the like.

25

2) The user is authorized to take action on purchase transactions before granted access to user interface screens.

3) The user selects the desired function.

5

4) The user input an order ID of the transaction that needs to be stopped or refunded.

5) The user views relevant information about that transaction, such as, for

10 example, the following, but is by no means limited to the following:

a) Order ID;

b) Auction number;

c) Buyer's Client User ID;

15 d) Buyer's merchant ID;

e) Buyer name;

f) Status of the transaction, *e.g.* already sent to ACH, ACH Return received, past 3-day window, and the like;

g) Date/time stamp the transaction was originally received;

20 h) Amount of the original transaction; and

i) Balance on the transaction (less previous refunds, etc.).

6) The user confirms that the correct transaction and action have been selected by choosing either to execute or cancel the action against the

25 transaction.

7) The invention completes the desired action: Reversal or Refund.

    a) If eCheck Reversal:

- The user is prompted to enter the following:
  - Reason code for the reversal; and
  - Reason text for the reversal;
- The reversal function is executed;
- After the transaction has been executed, a confirmation message is displayed on the screen, as well as a reminder of manual tasks which may need to be completed, *e.g.* contacting the merchant;
- If the reversal can not be executed for any reason, *e.g.* the transaction is already released to ACH, an appropriate message is displayed.

    b) If eCheck Refund:

- The user is prompted to enter the following:
  - Amount of refund request;
  - The refund type that indicates the accounting and other requirements for the refund, *e.g.* seller initiated = 'SI', and Buyer-Only Refund (Fraud) = 'BO';
  - Reason code for refund;
  - Reason text for refund;
- The refund function is executed;
- After the transaction has been executed, a confirmation message is displayed on the screen, as well as a reminder of manual tasks which may need to be completed, *e.g.* contacting the merchant.

The manual tasks may vary depending on the specific refund type selected;

- If the refund could not be executed for any reason, *e.g.* purchase already refunded up to limit, and an ACH Return received, an appropriate message is displayed;

8) The user has the option to return to the main menu or to logoff; and

9) The user may initiate multiple reversals or refunds until they elect to logoff.

Impact to a Merchant.

In the preferred embodiment, merchant databases are updated whenever a change is made to any purchase transaction. The merchant is notified whenever the decision engine initiates any action against an eCheck purchase. In another embodiment, users are able to update the merchant's financial and fraud databases directly via thirdparty vendors, such as, for example, Carepoint/Fraudpoint.

In the case of seller Initiated refunds, the merchant can process a seller refund and subsequent ACH credit to the buyer through a message unit interface to the decision engine.

Interface.

Other embodiments of the invention use Intranet or Internet based user interface screens, click-on buttons, and pull down menus for user selections.

Functionality.

Other embodiments of the invention comprise any of the following functionality:

- Different screens for seller initiated vs. fraud related refunds;
5
- Fraud Notification Messages to the merchant or partner;
- Ability to search for purchase transactions based on multiple, full or partial field matches;
- Ability to search for enrollment records based on multiple, full or partial field matches;
10
- i-Fraud Database management (enter, change, delete records; create field types);
- Auto-stop function, wherein the user enters a transaction to be stopped, the system determines its position in payment cycle, and selects the appropriate function to execute;
15
- Charge back recovery management; and
- User access control screens.

Reconcile Funds.

Herein below, the terms partner and merchant can be used interchangeably.
20
Reconciling funds comprises funds disbursement for approved transactions. Disbursements can include international disbursements, such as, for example, for Canadian transactions and other international currencies.

Real-time processing

18

It can be appreciated that the invention herein can be extended to comprise
real-time debit of funds for electronic check transactions, otherwise known as
guaranteed hold on funds (in lieu of ACH processing)

5   Online Seller Disbursements.

In the preferred embodiment, once the seller advises the partner that the
product has been shipped and the partner has been notified that they have
been funded for the transaction, the partner initiates payment to the seller via
a seller disbursement file. It can be appreciated that if sellers deliver good
10   digitally, the process whereby the seller of digital goods advises the partner
that the goods have been shipped occurs automatically.

In the preferred embodiment, the seller disbursement file contains one net
deposit for each seller. Represented in the seller's net deposit may be
15   multiple purchase and refund transactions, as well as charge backs, fees, and
other amounts due. The net deposit could be negative if the amount of
refunds, charge backs and/or fees owed exceeds the daily sales transactions.

In the preferred embodiment, and to provide maximum flexibility to manage
20   customer's risk, payment flags or indicators that control seller disbursement
are built at the seller level. Seller disbursement is controlled by the partner.
The data is housed on the partner's system and is accessible by a proprietary
risk group responsible for risk reviewing and decision making.

25   In the one preferred embodiment, individual flags are set on the partner's
system to indicate timing of disbursement. Default settings are established

19

systematically at the partner's level to provide flexibility for different types of scenarios and risk tolerances. Based on different risks associated with each payment type, *i.e.* credit card versus eCheck, the system has different flags for each payment type. Flags comprise, but are by no means limited to:

5
- Should the merchant be funded? Default is flag is set to yes, and is no under extreme circumstances;

- Number of days funding should be delayed after the day the transaction is settled

- Amount of reserve accumulated prior to paying any funds to seller, wherein if the field is zero, then no reserve accumulated. Reserve should be either a flat dollar amount, a percentage of sales, or a percentage of sales with a cap on the reserve amount.

- A maximum payment amount that can not be exceeded without override approval of the proprietary risk group. The system is built to release such large deposits after a predetermined number of days, if no action is taken.

If the proprietary risk group identifies a change to a customer or seller's risk profile that makes the risk unacceptably high, the disbursement flag is turned off, the number of days increased or a reserve is withheld. Such changes need to occur in real time and must impact the day's disbursement file. Prior to initiating seller disbursement each day, the partner's system must query such flags to ensure proper action is being taken.

The partner transmits an end-of-day seller disbursement batch file to said invention claimed herein comprising the decision engine, before a

predetermined cutoff time, notifying which sellers need to be funded and for how much.

The invention returns an acknowledgement file to the partner. The acknowledgement file lets the partner know which seller disbursement transactions, if any, failed special edit routines of the invention claimed herein, wherein special edit rules are applied prior to completing the transaction, to ensure that a valid transaction has been transmitted from the merchant or partner to the decisioning engine.

In the preferred embodiment, the accepted transactions from the seller disbursement file are reformatted into NACHA format and the file is submitted to the proprietary ACH system of the claimed invention.

The seller disbursement batch file, the seller disbursement acknowledgement file, and the ACH file are logged for future reference. If the proprietary ACH receives an ACH reject for any reason, the reject is returned to the invention claimed herein and can be passed to the merchant in the beginning of day (BOD) file. This allows for correction and possible resubmission of the transaction

Settlement Overview for Credit Cards.

In one embodiment, purchase information via credit cards can be stored. No decision is made. A miminal response is returned to the customer to acknowledge receipt of the credit card transaction. There is a flag at the partner source level with a Yes or No indicator to identify whether or not full

processing capabilities are required.In the preferred embodiment, where full credit card processing functionality is being provided, the partner's system creates a daily batch settlement file at the end of every day. This file contains all transactions identified by the partner's clients and/or sellers as ready to

5   settle, *i.e.* meaning the goods have been shipped to the buyer, as well as any returns. This settlement file is transmitted to the invention claimed herein by a predetermined time each day, typically 4pm Pacific time, Monday through Friday.   The information sent from the partner is taken and an FDMS formatted settlement file is created. This FDMS formatted file needs to be

10   sent to FDMS by predetermined times, such as, by 5pm pacific time, 7pm central standard time, for FDMS nightly processing Monday through Friday only. In the preferred embodiment, files containing Saturday's and Sunday's transactions are sent to FDMS with Monday's settlement file and processed by FDMS on Monday night, A copy of the files is sent to proprietary financial

15   operations support.

In the preferred embodiment, one record is needed on this file for every credit card transaction that is approved and is ready to settle. In addition, a record needs to be created for each return. Required data in the preferred

20   embodiment for each transaction ready to settle or for each return are, but are not limited to, source ID, order ID, merchant ID, seller ID, return/settlement indicator, and return amount.

Integrate with Merchant's Web page.

25   In the preferred embodiment, proprietary message unit architecture provides for smooth integration with and online messaging to and from the merchant.

22

The invention comprises real time, 5 second decisioning, as well as batch processing. Batch process architecture provides for timely processing of transactional level reconciliation information for both originations and exception items. Five second decisioning is used for both the registration

5   process and for credit card and electronic check transactions. Both domestic and international payments for both credit card and electronic check are accepted. Finally, integration or interfacing with the merchant's Web page can be through through personal computer (PC) or wireless technology.

10   It is noted that integrating with the merchant's Web page has a plug and play quality, because this feature of the invention claimed herein consists of required fields. The preferred embodiment works with a variety of front ends, and is independent of design of a merchant's front end.

15   It is noted that the invention claimed herein provides for integrating with merchant's Web page in real time.

It is noted that the ACH method of reconciliation and the matching process to the original transaction is a unique feature.

20

Report Suspicious Activity to the Merchant.

In the preferred embodiment, It can be appreciated that risk programs available in the market, or proprietary risk assessment rules and algorithms can be used in the invention claimed here. The invention provides for alerting

25   to the merchant suspicious activity, such as, for example by alert reports. It

can be appreciated that the invention provides for additional decisioning and fraud-screening intra-day, *i.e.* after the 5 second decisioning.

The process to initiate transaction reversals or refunds is sometimes due to
5   detected fraud. Two modes of evaluating a message for fraudulent activity, otherwise known as authenticating transactions, are:

- 5 second, or real time response in order to stop a fraudulent transaction;
- update a 5 second response with output from an intraday fraud detection process, in order to stop a fraudulent transaction; and

10   •

Intraday Fraud Detection.

In the preferred embodiment, Intraday fraud detection encompasses all fraud detection efforts that are performed after a 5-second decision has been
15   returned to a partner on a purchase or enrollment request. It can occur minutes after the transaction is complete or even days later.

Intraday Fraud Process.

In one preferred embodiment, every two hours new purchase and enrollment
20   data is downloaded from a mainframe and loaded into SAS files in Unix. A number of SAS queries are created to detect irregular transaction activity. These queries generate reports that are then e-mailed to appropriate staff on a regular basis for follow up. Another alternative is to have the SAS queries processed directly on the mainframe.

25

24

The preferred embodiment allows for new detection methods to be constantly added and tested to standard intraday reporting processes. The decisioning engine support environment communicates to the merchant via call or e-mail when a fraud has been discovered on an ad-hoc basis.

5

In one preferred embodiment, merchant fraud analysts determine that fraud has occurred or that sufficient fraud risk exists, and they proceed with their standard processes for notifying the seller or buyer, and withhold funding as appropriate.

10

Following are detection processes provided by a preferred embodiment, according to the invention:

- eCheck Reversals. Functionality to stop fraudulent eCheck purchases from being sent to ACH if caught before the 4pm ACH cutoff;

15
- eCheck Stops. Functionality to undo an eCheck purchase by crediting the buyer and not funding the seller for the transaction amount, if the fraud is detected after the Day 0 - 4pm ACH cutoff but before the Day 3 Beginning of Day (BOD) file has been sent to the merchant;

- Simple user interface screens. To execute the above mentioned
20   functions;

- i-Fraud Database. A fraud database; and

- Charge back data collection. Capture charge back data in the Intraday downloads to a support environment.

It can be appreciated that additional risk assessments and substantial refinements in the analysis of fraud activity can be added to the claimed invention herein without deviating from the scope and spirit of the invention.

5   **Decisioning engine.**

The decision engine is an online interactive subsystem. In the preferred embodiment, an initial decision takes place within 5 seconds. The 5 second lookup subsystem comprises, but is not limited to making a decision on a transaction and/or a registration; notifying the appropriate partner of the

10   decision; and sending qualified transactions to the ACH.

In the preferred embodiment, the architecture is sufficiently open to accommodate a variety of partners, and to allow for additional data elements, data file comparisons, and other risk processes. In another embodiment, the

15   architecture also allows for user adjustment of risk element weighting, and could use user defined risk element tables, rather than hard coded risk weighting.

In the preferred embodiment, the claimed invention herein is the originator of

20   ACH debits. Funds settle in an operating account for which to fund customer accounts, but not message the customer on accept or decline.

The ACH clock begins with Day 0, when transactions are submitted to the invention. The invention assumes any risk for any returned items after a

25   predetermined day, which, in the preferred embodiment, is Day 3. In the preferred embodiment, transaction logs for ACH returns are updated and

26

corresponding information is communicated to the customer. Late returns are also tracked.

It can be appreciated that risk management criteria that are proprietary, as well as risk management criteria that are from conventional programs can be used to determine, quantify, and qualify risk of potential buyers and sellers. Basically, risk assessment processes are used to indicate by means of a flag, or the like, potential risks by determining and then using the following: suspicious amounts of transactions, suspicious personal information of buyers or sellers, suspicious activities of buyers or sellers, conventional statistical information and conventional modes of operation of end-consumers.

Merchant to Indicate to Seller Approval for Shipment of Goods and Services.

Merchant indicating approval for shipment of goods and services is also known as "okay to ship." In the preferred embodiment of the invention, risk analysis for transaction decisions as disclosed herein above is used. This feature of the claimed invention controls loss exposure for merchants. In addition, means for guaranteeing payment to the merchant after shipment of goods and services and insurance against fraud after shipment of goods are provided.

In another preferred embodiment, risk parameters for velocity and spending limits on transactions for merchants are identified.

Providing to Merchant a Decision to Transact with Buyer Based on a Determined Risk of Buyer.

In the preferred embodiment, online 5 second decisioning is used. In another embodiment, additional Intraday review for fraud is applied to the transaction related information. Decision critieria are updated as transaction knowledge is gained. Stored transaction data is used for future decisions. Additionally, the shipment of goods and services from the merchant to the end-consumer is guaranteed and insurance is provided against fraud after payment is received.

Fig. 1 shows a schematic block diagram of main components, according to the invention. The preferred embodiment of the invention comprises a decisioning engine 10 for providing a decisioning solution to a customer 20. It also comprises means for processing and reconciling funds 30, and means for providing electronic transferring of funds 40, thereby facilitating processing of payments for the customer 20. The means for processing and reconciling of funds further comprises an internal processor, the Automated Clearing House 31, and the external processor, FDMS 32. The means for electronic transferring of funds further comprises means for handling exceptions 41, and means for determining and indicating to the customer approval for shipment of goods and services 42. The decisioning engine 10 further comprises means for authenticating participating parties 11, and means for reporting to said customer suspicious activity by the parties 12. The decisioning engine 10 interfaces and integrates seamlessly with the customer's Web page in both real time and batch processing 50. Typically, the decisioning engine communicates with the ACH 31 and external processor 32 by batch processing 51 and 52, respectively. The decisioning engine 10

28

communicates with the means for electronic transferring of funds in both real time and batch processing 53.

Accordingly, although the invention has been described in detail with
5   reference to particular preferred embodiments, persons possessing ordinary skill in the art to which this invention pertains will appreciate that various modifications and enhancements may be made without departing from the spirit and scope of the claims that follow.

CLAIMS

1.   An apparatus for providing a decisioning solution for a customer, said
customer accepting Internet transactions from participating parties, and for
facilitating processing of payments between said participating parties, said
apparatus comprising:

       means for electronic transferring of funds between said parties;

       means for authenticating said participating parties;

       means for handling exceptions between said participating parties;

       means for reconciling said funds;

       means for interfacing with said customer's Web page;

       means for reporting to said customer suspicious activity by any of said
parties;

       means for determining and indicating to said parties approval for
shipment of goods and services by said customer; and

       means for providing said decisioning solution to said customer, said
decisioning solution indicating clearance to said customer for said customer to
transact with said parties, and said decisioning solution based on a
determined risk of any of said parties.

2.   The apparatus of Claim 1, wherein said customer is a merchant and
said participating parties comprise at least one seller or at least one buyer.

30

3.   The apparatus of Claim 1, wherein said participating parties comprise consumers and businesses, and wherein said means for electronic transfer of funds is between any of, but not limited to:

at least one consumer and at least one consumer;

at least one consumer and at least one business; and

at least one business and at least one business.

4.   The apparatus of Claim 1, wherein means for authentication of parties further comprises means for performing proprietary 5 second online decisioning, thereby authenticating said Internet transactions.

5.   The apparatus of Claim 1, wherein said means for authentication of parties is adaptable to authenticate parties for both a one-time transaction and for ongoing transactions.

6.   The apparatus of Claim 1, wherein said means for authentication comprises protected information.

7.   The apparatus of Claim 6, wherein said protected information comprises encrypted information.

8.   The apparatus of Claim 1, wherein means for handling exceptions further comprises returned item processing, and wherein said payments processing uses electronic checks.

9.   The apparatus of Claim 1, wherein means for handling exceptions further comprises chargeback item processing, and wherein said payments processing uses credit card transactions.

5   10.   The apparatus of Claim 2, wherein means for handling exceptions further comprises a process, whereby said at least one seller initiates a reversal.

11.   The apparatus of Claim 1, wherein means for reconciling funds further comprises means for disbursing some of said funds for approved transactions of said Internet transactions.

10

12.   The apparatus of Claim 1, wherein means for reconciling funds further comprises international disbursements of some of funds using international currencies.

15

13.   The apparatus of Claim 12, wherein a disbursement of said international disbursement is for Canadian transactions of said Internet transactions.

20

14.   The apparatus of Claim 1, wherein means for reconciling funds further comprises means for real-time debit of some of said funds for electronic check transactions.

25   15.   The apparatus of Claim 14, further comprising means for guaranteed hold on funds.

16.   The apparatus of Claim 1, wherein means for interfacing with said customer's Web page further comprises:

means for sending to said customer's Web page results from a proprietary 5 second decisioning process, said decisioning process for a registration process, and said decisioning process for credit card and electronic check transactions.

17.   The apparatus of Claim 1, wherein means for interfacing with said customer's Web page further comprises:

a proprietary message unit architecture facilitating online messaging to and from said customer.

18.   The apparatus of Claim 1, wherein means for interfacing with said customer's Web page further comprises:

batch processing architecture for timely processing of transactional level reconciliation information.

19.   The apparatus of Claim 18, wherein said transactional level reconciliation information comprises originations and exception items.

20.   The apparatus of Claim 1, wherein means for interfacing with said customer's Web page, further comprises:

means for accepting domestic and international payments for both credit card and electronic check transactions of said Internet transactions.

21.   The apparatus of Claim 1, wherein means for interfacing with said customer's Web page uses either of, but is not limited to, personal computer or wireless technology.

5   22.   The apparatus of Claim 1, wherein means for reporting suspicious activity to said customer, further comprises:

means for conducting proprietary additional corresponding decisioning and proprietary intra-day fraud-screening.

10   23.   The apparatus of Claim 1, wherein means for reporting suspicious activity to said customer, further comprises:

alert reports on said suspicious activity.

24.   The apparatus of Claim 1, wherein means for reporting suspicious activity to said customer, further comprises:

15   a process to initiate transaction reversals, wherein reversals are due to, but not limited to, fraud.

25.   The apparatus of Claim 2, wherein means for determining and indicating to said at least one seller approval for shipment of goods and services by said merchant, further comprises:

20   means for performing risk analysis on, but not limited to, said at least one buyer or said at least one seller for said decisioning solution.

26.   The apparatus of Claim 2, wherein means for determining and indicating to said at least one seller approval for shipment of goods and services by said merchant, further comprises:

means for controlling loss exposure for said merchant.

27.   The apparatus of Claim 2, wherein means for determining and indicating to said at least one seller approval for shipment of goods and services by said merchant, further comprises:

means for identifying risk parameters for velocity and for identifying spending limits on said transactions for said merchant.

28.   The apparatus of Claim 2, wherein means for determining and indicating to said at least one seller approval for shipment of goods and services by said merchant, further comprises:

means for guaranteeing a payment to said merchant after said shipment of goods and services; and

means for providing insurance against fraud after said shipment of goods and services.

29.   The apparatus of Claim 2, wherein means for determining and indicating to said at least one seller approval for shipment of goods and services by said merchant, further comprises:

means for guaranteeing said shipment of goods and services from said merchant to said at least one buyer; and

means for providing insurance against fraud after a payment.

30.   The apparatus of Claim 2, wherein means for providing said decisioning solution to said merchant, said decisioning solution indicating clearance to said merchant for said merchant to transact with said at least one buyer, and said decisioning solution based on a determined risk of said at least one buyer, further comprises:

means for performing proprietary 5 second online decisioning.

31.   The apparatus of Claim 2, wherein means for providing said decisioning solution to said merchant, said decisioning solution indicating clearance to said merchant for said merchant to transact with said at least one buyer, and said decisioning solution based on a determined risk of said at least one buyer, further comprises:

means for performing additional proprietary intra-day fraud-screening.

32.   The apparatus of Claim 2, wherein means for providing said decisioning solution to said merchant, said decisioning solution indicating clearance to said merchant for said merchant to transact with said at least one buyer, and said decisioning solution based on a determined risk of said at least one buyer, further comprises:

means for dynamically providing decision criteria updates for said decisioning solution as knowledge of said transactions is gained.

33.   The apparatus of Claim 2, wherein means for providing said decisioning solution to said merchant, said decisioning solution indicating clearance to said merchant for said merchant to transact with said at least one

buyer, and said decisioning solution based on a determined risk of said at least one buyer, further comprises:

means for storing data of said transactions, said data to be used for providing future decisioning solutions.

34.   The apparatus of Claim 25, wherein means for performing risk analysis further comprises:

risk management criteria that are used for proprietary and/or for conventional programs to determine, quantify, and/or qualify risk of potential buyers and sellers, and wherein amounts of transactions, suspicious personal information of buyer and/or seller, behavior of buyer and/or seller, conventional statistical information and mode of operations are determined.

35.   A method for providing a decisioning solution for a customer, said customer accepting Internet transactions from participating parties, and for facilitating processing of payments between said participating parties, comprising:

electronically transferring funds between said parties;

authenticating said participating parties;

handling exceptions between said participating parties;

reconciling said funds;

interfacing with said customer's Web page;

reporting to said customer suspicious activity by any of said parties;

determining and indicating to said parties approval for shipment of goods and services by said customer; and

37

providing said decisioning solution to said customer, said decisioning solution indicating clearance to said customer for said customer to transact with said parties, and said decisioning solution based on a determined risk of any of said parties.

5

36.   The method of Claim 35, wherein said customer is a merchant and said participating parties comprise at least one seller or at least one buyer.

37.   The method of Claim 35, wherein said participating parties comprise

10   consumers and businesses, and wherein said means for electronic transferring of funds is between any of, but not limited to:

at least one consumer and at least one consumer;

at least one consumer and at least one business; and

at least one business and at least one business.

15

38.   The method of Claim 35, wherein authenticating parties further comprises performing proprietary 5 second online decisioning, thereby authenticating said Internet transactions.

20   39.   The method of Claim 35, wherein authenticating parties is adaptable to authenticate parties for both a one-time transaction and for ongoing transactions.

40.   The method of Claim 35, wherein authenticating parties uses protected

25   information.

41.   The method of Claim 40, wherein said protected information comprises encrypted information.

42.   The method of Claim 35, wherein handling exceptions further comprises returned item processing, and wherein said payments processing uses electronic checks.

43.   The method of Claim 35, wherein handling exceptions further comprises charge back item processing, and wherein said payments processing uses credit card transactions.

44.   The method of Claim 36, wherein handling exceptions further comprises a process, whereby said at least one seller initiates a reversal.

45.   The method of Claim 35, wherein reconciling funds further comprises means for disbursing some of said funds for approved transactions of said Internet transactions.

46.   The method of Claim 35, wherein reconciling funds further comprises international disbursements of some of funds using international currencies.

47.   The method of Claim 46, wherein a disbursement of said international disbursement is for Canadian transactions of said Internet transactions.

48.   The method of Claim 35, wherein reconciling funds further comprises means for real-time debit of some of said funds for electronic check transactions.

5   49.   The method of Claim 48, further comprising guaranteeing hold on funds.

50.   The method of Claim 35, wherein interfacing with said customer's Web page further comprises:

10   sending to said customer's Web page results from a proprietary 5 second decisioning process, said decisioning process for a registration process, and said decisioning process for credit card and electronic check transactions.

15   51.   The method of Claim 35, wherein interfacing with said customer's Web page further comprises:
        a proprietary message unit architecture facilitating online messaging to and from said customer.

20   52.   The method of Claim 35, wherein means for interfacing with said customer's Web page further comprises:
        batch processing architecture for timely processing of transactional level reconciliation information.

25   53.   The method of Claim 52, wherein said transactional level reconciliation information comprises originations and exception items.

54.   The method of Claim 35, wherein interfacing with said customer's Web page, further comprises:

accepting domestic and international payments for both credit card and electronic check transactions of said Internet transactions.

55.   The method of Claim 35, wherein interfacing with said customer's Web page uses either of, but is not limited to, personal computer or wireless technology.

56.   The method of Claim 35, wherein reporting suspicious activity to said customer, further comprises:

conducting proprietary additional corresponding decisioning and proprietary Intraday fraud-screening.

57.   The method of Claim 35, wherein reporting suspicious activity to said customer, further comprises:

providing alert reports on said suspicious activity.

58.   The method of Claim 35, wherein reporting suspicious activity to said customer, further comprises:

providing a process to initiate transaction reversals, wherein reversals are due to, but not limited to, fraud.

59.   The method of Claim 36, wherein determining and indicating to said at least one seller approval for shipment of goods and services by said merchant, further comprises:

performing risk analysis on, but not limited to, said at least one buyer or said at least one seller for said decisioning solution.

60.   The method of Claim 36, wherein determining and indicating to said at least one seller approval for shipment of goods and services by said merchant, further comprises:

controlling loss exposure for said merchant.

61.   The method of Claim 36, wherein determining and indicating to said at least one seller approval for shipment of goods and services by said merchant, further comprises:

identifying risk parameters for velocity and for identifying spending limits on said transactions for said merchant.

62.   The method of Claim 36, wherein determining and indicating to said at least one seller approval for shipment of goods and services by said merchant, further comprises:

guaranteeing a payment to said merchant after said shipment of goods and services; and

providing insurance against fraud after said shipment of goods and services.

63.   The method of Claim 36, wherein determining and indicating to said at least one seller approval for shipment of goods and services by said merchant, further comprises:

guaranteeing said shipment of goods and services from said merchant

5   to said at least one buyer; and

providing insurance against fraud after a payment.

64.   The method of Claim 36, wherein providing said decisioning solution to said merchant, said decisioning solution indicating clearance to said merchant

10   for said merchant to transact with said at least one buyer, and said decisioning solution based on a determined risk of said at least one buyer, further comprises:

performing proprietary 5 second online decisioning.

15   65.   The method of Claim 36, wherein providing said decisioning solution to said merchant, said decisioning solution indicating clearance to said merchant for said merchant to transact with said at least one buyer, and said decisioning solution based on a determined risk of said at least one buyer, further comprises:

20   performing additional proprietary Intraday fraud-screening.

66.   The method of Claim 36, wherein providing said decisioning solution to said merchant, said decisioning solution indicating clearance to said merchant for said merchant to transact with said at least one buyer, and said

25   decisioning solution based on a determined risk of said at least one buyer, further comprises:

43

dynamically providing decision criteria updates for said decisioning solution as knowledge of said transactions is gained.

67. The method of Claim 36, wherein providing said decisioning solution to said merchant, said decisioning solution indicating clearance to said merchant for said merchant to transact with said at least one buyer, and said decisioning solution based on a determined risk of said at least one buyer, further comprises:

storing data of said transactions, said data used for providing future decisioning solutions.

68. The method of Claim 59, wherein performing risk analysis further comprises:

using risk management criteria that for proprietary and/or for conventional programs to determine, quantify, and/or qualify risk of potential buyers and sellers, and wherein amounts of transactions, suspicious personal information of buyer and/or seller, behavior of buyer and/or seller, conventional statistical information and mode of operations are determined.
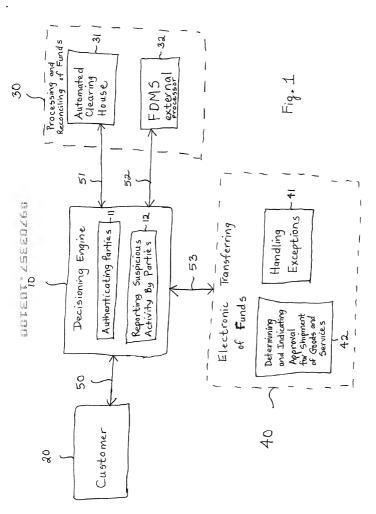
Method and Apparatus for Integrated Payments Processing and Decisioning for Internet Transactions

ABSTRACT

5

A method and apparatus provides a decisioning solution for merchants accepting Internet transactions, integrated with means for processing payments electronically. The invention claimed herein provides features, such as, but not limited to, electronic transfer of funds, authentication of parties, seemless integration with merchant's Web page, and reporting of suspicious activity.

Fig. 1

DECLARATION FOR PATENT APPLICATION

As a below named inventor, I hereby declare that:

My residence, post office address, and citizenship are as stated below next to my name;

I believe I am the original, first, and sole inventor (if only one name is listed below) or an original, first, and joint inventor (if plural names are listed below) of the subject matter which is claimed and for which a patent is sought on the invention entitled:

METHOD AND APPARATUS FOR INTEGRATED PAYMENTS PROCESSING AND DECISIONING FOR INTERNET TRANSACTIONS

the specification of which (check one) X is attached hereto, or ___ was filed on _____ as Application Serial No. _____ and was amended on _____ (if applicable).

I hereby state that I have reviewed and understand the contents of the above-identified specification, including the claims, as amended by any amendment referred to above.

I acknowledge the duty to disclose information which is material to the examination of this application in accordance with Title 37, Code of Federal Regulations, Section 1.56(a).

===

I hereby claim foreign priority benefits under Title 35, United Sates Code, Section 119 of any foreign application(s) for patent or inventor's certificate listed below and have also identified below any foreign application for patent or inventor's certificate having a filing date before that of the application on which priority is claimed:

Prior Foreign Application(s)

                                                     Priority Claimed
                                                     Yes   No

Number   Country   Day/Month/Year Filed

Number   Country   Day/Month/Year Filed

===

POWER OF ATTORNEY: As a named inventor, I hereby appoint the following attorney(s) and/or agent(s) to prosecute this application and transact all business in the Patent and Trademark Office connected therewith:

        MICHAEL A. GLENN, Reg. No. 30,176
        DONALD M. HENDRICKS, Reg. No. 40,355
        KIRK D. WONG, REG. NO. 43,284
        EARLE W. JENNINGS, Reg. No. 44,804
        CHRISTOPHER PEIL, Reg. No. 45,005
        JACK J'MAEV, REG. NO. 45,669

SEND CORRESPONDENCE TO:

MICHAEL A. GLENN, 3475 Edison Way, Suite L, Menlo Park, CA 94025
===

Post Office Address _____ Same _____

Citizenship _____ Untied States of America _____

I hereby claim the benefit under Title 35, United States code, Section 120 of any United States application(s) listed below and, insofar as the subject matter of each of the claims of this application is not disclosed in the prior United States application in the manner provided by the first paragraph of Title 35, United States Code, Section 112, I acknowledge the duty to disclose material information as defined in Title 37, Code of Federal Regulations, Section 1.56(a) which occurred between the filing date of the prior application and the national or PCT international filing date of this application:

| Application Ser. No. | Filing Date | Status: Patented, Pending, Abandoned |

==

I hereby declare that all statements made herein of my own knowledge are true and that all statements made on information and belief are believed to be true; and further that these statements were made with the knowledge that willful false statements and the like so made are punishable by fine or imprisonment or both, under Section 1001 of Title 18 of the United States Code and that such willful false statements may jeopardize the validity of the application or any patent issued thereon.

Full name of sole or first inventor:____ MICHELLE BANAUGH

Inventor's signature _____   10/30/00
                                                          Date

Residence _____ 165 Alameda de la Loma, Novato, California 94949

Post Office Address ____ Same

Citizenship _____ United States of America

Full name of second joint inventor____ PEGGY J. FRY

Inventor's signature _____   10/30/00
                                                          Date

Residence ____ 3889 Aragon Lane, San Ramon, California 94583

Post Office Address ____ Same

Citizenship ____ United States of America

Full name of third joint inventor:____ DAVID POTTER

Inventor's signature _____   10/30/00
                                                          Date

Residence ____ 105 Rocca Drive, Fairfax, California 94930

Post Office Address ____ Same

Citizenship ____ United States of America

Full name of fourth joint inventor:____ GEORGE LUIS WOOD

Inventor's signature _____   10/30/00
                                                          Date

Residence _____ 201 La Serena Avenue, Alamo, California 94507